# Assurance Outcomes Report 2022-23

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# Contents

18 September 2023

# Introduction

Following the closure of the 2022-23 season, the Assurance outcomes analysis has been completed and compiled into a report. In this report you will find an overview of the results from the 2022-23 Assurance season, with a focus on participating numbers, assessment and licensing outcomes, and non-conformity occurrences. The following results were gathered through the analysis of data from direct Better Cotton programmes and does not include any results from benchmark countries.

# Glossary

The following terms are frequently used throughout this document.

| BCI | Assessments conducted by Better Cotton assessors |
|-----|--------------------------------------------------|
| 3PV | Third-Party Verifier. 3PV can refer to an approved 3PV organisation or a licensing assessment carried out by an approved 3PV. |
| PP | Programme Partner. Better Cotton's PPs are organisations with local expertise who oversee the set-up and management of PUs under the Assurance model. Prior to the 2021-22 season they were referred to as Implementing Partners. |
| LA | Licensing Assessment. Every Producer receives a LA before being issued with their first license and again before each license renewal (typically every 3 years). LAs are conducted by trained Better Cotton assessors or by approved 3PVs. |
| LF | Large Farm. In the context of the Better Cotton Assurance model, a LF is characterised as a farm comprised of about 200 ha of cotton and that either uses mechanised production or is structurally dependent on permanent hired labour. |
| MF | Medium Farm. Better Cotton defines medium farms as Producer Units where farmers are structurally dependent on permanent hired labour. The typical farm size of such Producer Units is between 20 and 200ha of cotton. |
| NC | Non-conformity. NC on a P&C core indicator. This can be Incidental (INC) or Systemic (SNC). |
| P&C | Principles and Criteria. The Better Cotton P&C includes 7 Principles covering the most significant global sustainability issues associated with cotton production. The 7 Better Cotton Principles are further defined through 42 criteria and a subset of 164 indicators. Detailed information for each indicator can be found in the Better Cotton P&C. |

| Producer | In the context of the Better Cotton Standard System, Producer refers to either an individual LF or a PU (group) of Smallholders (SHs) or Medium Farms (MFs). Licenses to sell Better Cotton are administered at the Producer level. |
|---|---|
| PU | Producer Unit. A group of Smallholder farms or Medium farms who participate in the Better Cotton programme through a group model. Each PU is overseen by a dedicated PU Manager and has an optimal size of 3,500 to 4,000 farmers for SHs and 100 farmers for MFs. |
| SH | Smallholder. Better Cotton defines smallholders as farms where farmers are not structurally dependent on permanent hired labour. The typical farm size of smallholders does not exceed 20ha of cotton. |
| SVA | Surveillance Assessment. SVAs are conducted on a small sample of PUs with valid licenses based on risk or changes in farmer composition. LAs are conducted by trained Better Cotton assessors or by approved 3PVs. |

# Producer Participation Summary

In the Better Cotton system, Participating Producers are Producers who engage in Better Cotton activities from the beginning of the cotton season, including training and capacity building as well as Assurance.

- In the 2022-23 season there were 897 Participating producers across 11 direct Better Cotton countries (Figure 1)[1].
- Of these, 524 (58%) were PUs and 373 (42%) were LFs.
- 49 were set up PUs[2], the majority of which were in India and Pakistan.
- India had the highest number of PUs with 250, and the United States had the highest number of LFs with 333.
- For Uzbekistan 2022-23 was the first full year participating in the programme with 6 LFs.
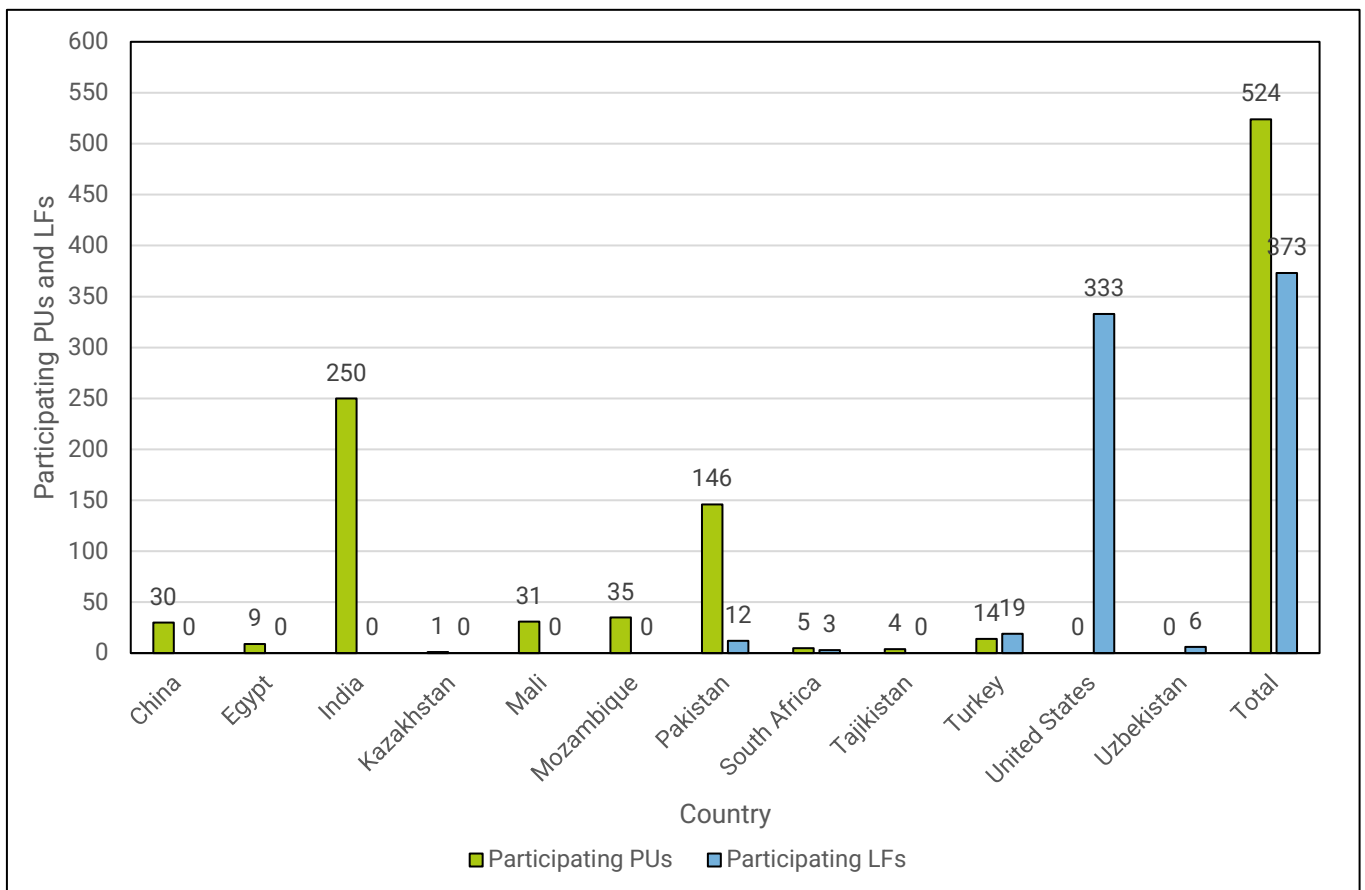


***Figure 1:*** *Participating Producers across Better Cotton Direct countries in 2022-23*

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[1] Kazakhstan started the season participating but withdrew during the season, hence 11 participating countries instead of the 12 shown in figure 1.
[2] Set up PUs are SHs or MFs that are in their first season, in which they focus on farmer outreach and training before being assessed for licensing, typically in their second season. Under the Assurance model v4.3, the concept of set up phase does not apply to LFs.

# Licenses

In the Better Cotton system, the Assurance team is responsible for making licensing decisions, whose outcome determines the license status of the Producers. This is active for licenses awarded or retained from previous seasons, or cancelled, when the Producer is non-compliant with the P&C or fails to fulfil other administrative requirements.

- In the 2022-23 season 955 licensing decisions were made of which 84% resulted in licenses activated or retained active and 16% licenses cancelled (Figure 2).
- Non-compliance with the P&C was the reason for 31% of all cancellations (Figure 3). The remaining 69% of cancellations were due to Producers withdrawing participation in the programme, Corrective Action Plans not being closed by the deadline, Results Indicator Reports or Self-Assessments not being submitted, and other miscellaneous reasons.
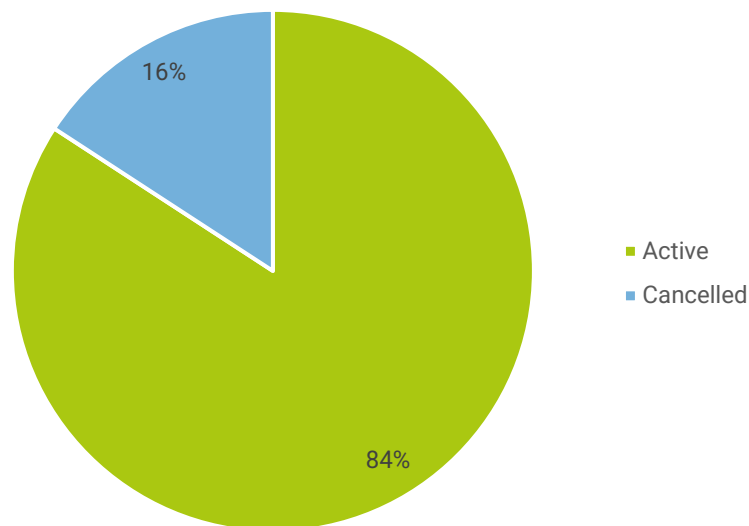


**Figure 2:** Proportion of Active and Cancelled Licenses[3] in the 2022-23 season. Including USA.

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[3] Cancelled includes all licenses cancellations, denials, and suspensions.
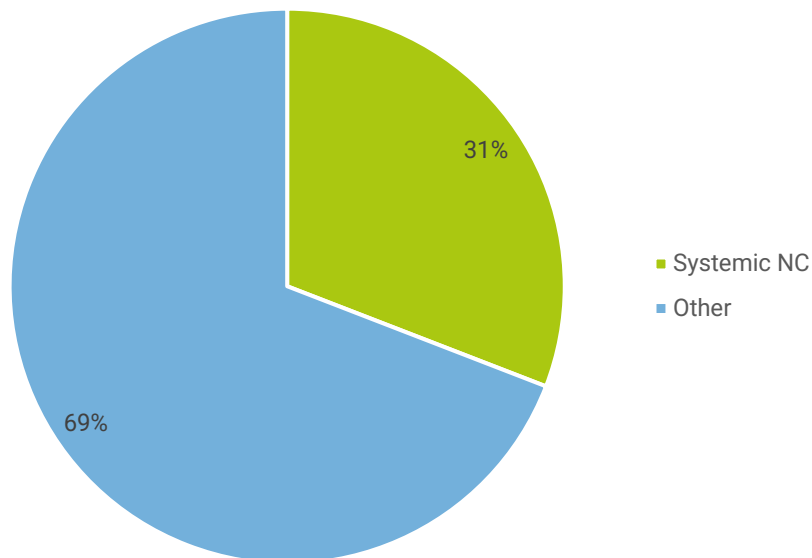
*Figure 3:* *Licenses cancelled owing to SNCs or other reasons in 2022-23*

# Number of Assessments

In the Better Cotton Assurance model, assessments can be conducted by Better Cotton assessors (BCI), Third Party Verifiers (3PVs), or Programme Partners (PPs) in the case of the United States only. Assessment types conducted include licensing assessments (LA) on Producers due for licensing or, in the case of PUs, those could also be surveillance assessments (SVA) on valid license holders.

- Assessments were equally split between BCI and 3PVs accounting for 91% of all assessments, while assessment conducted by Partners accounted for 9% (Figure 4).
- 35% of participating producers received a BCI or 3PV assessment in 2022-23 (Table 1).
- The USA follow a different assessment sampling approach therefore, they have not been included in Table 1. 24% of the USA LFs received an assessment, either by BCI, 3PV or PPs in 2022-23.
- Globally, the majority of assessments are licensing assessments. With 88% of assessments conducted being LAs (Figure 5).
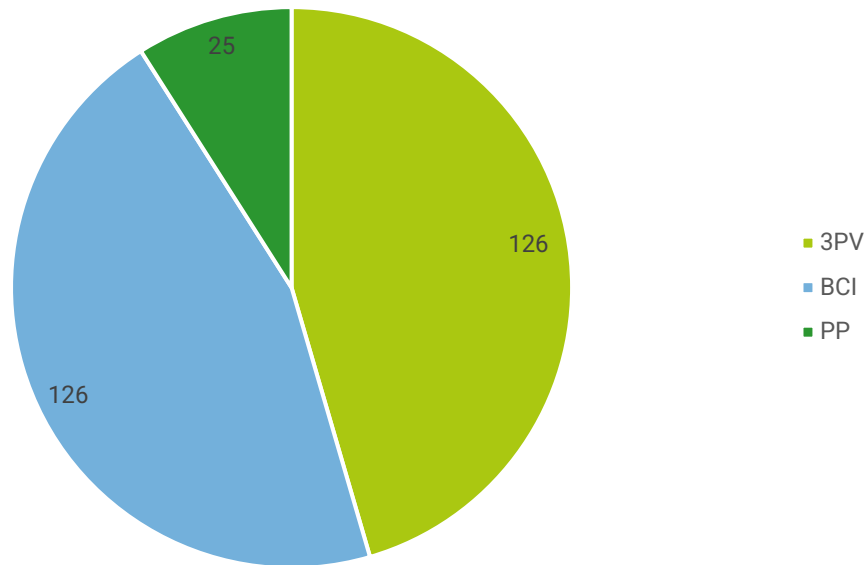
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*Figure 4:* Number of assessments completed globally by 3PVs, BCI and PPs

| Country | 3PV | BCI | Totals | Producers assessed[4] |
|---|---|---|---|---|
| China | 6 | 8 | 14 | 47% |
| Egypt | 0 | 0 | 0 | 0% |
| India | 31 | 48 | 79 | 32% |
| Kazakhstan | 0 | 1 | 1 | 100% |
| Mali | 5 | 7 | 12 | 39% |
| Mozambique | 4 | 13 | 17 | 49% |
| Pakistan | 30 | 19 | 49 | 31% |
| South Africa | 0 | 1 | 1 | 13% |
| Tajikistan | 0 | 1 | 1 | 25% |
| Turkey | 13 | 3 | 16 | 48% |
| Uzbekistan | 6 | 0 | 6 | 100% |
| Total | 95 | 101 | 196 | 35% |

*Table 1:* Combined number of LAs and SVAs for each country (excluding United States) during the 2022-23 season.

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[4] The 'Producers assessed' column shows the percentage of Participating Producers that received an assessment (LA or SVA) during the 2022-23 season for each country.
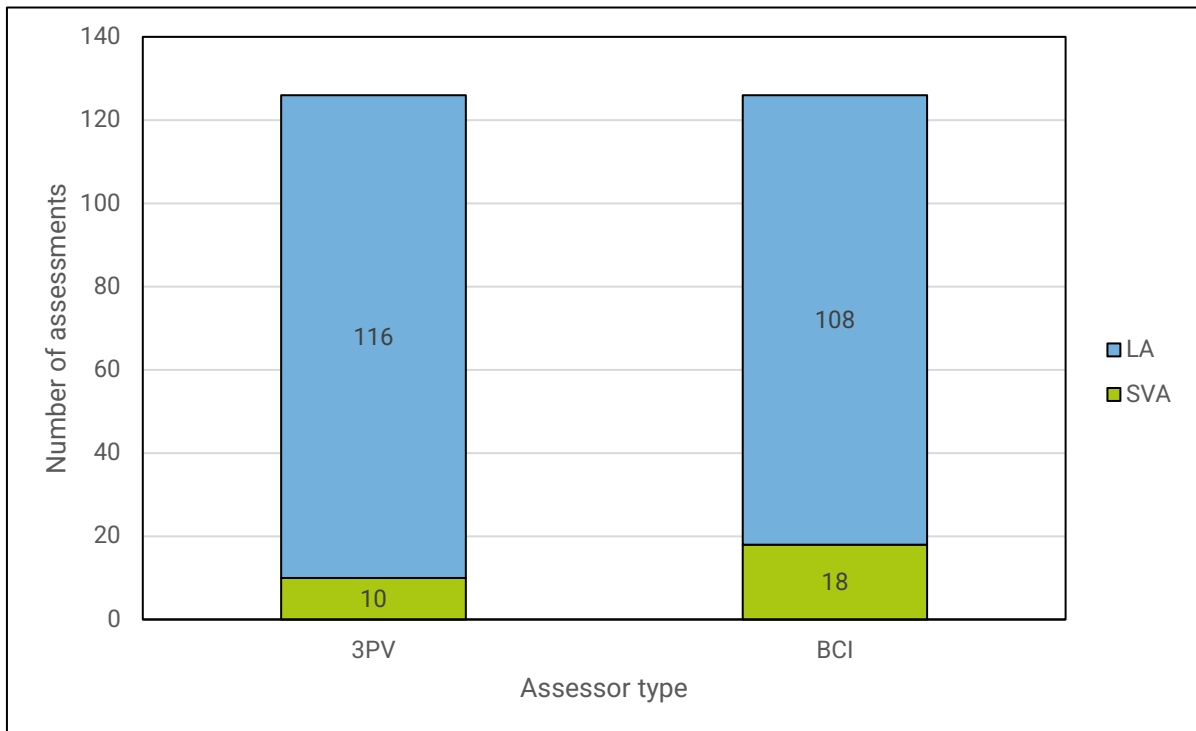
**Figure 5:** *Number of SVAs and LAs conducted by Better Cotton assessors and 3P verifiers.*

# Assessment Outcomes

The overall outcome of each assessment can fall into three categories: Compliant, Compliant with Incidental Non-Conformities, or Systemic Non-Conformity(ies) identified. 'Compliant' denotes that the Producer is compliant in all core indicators. 'Compliant with Incidental' describes an assessment with one or more incidental non-conformities but no systemic non-conformity. 'Systemic Non-Conformity' applies when an assessment displays one or more systemic non-conformities.

- Of the 244 assessments conducted in the 2022-23 season, 13% resulted in a Systemic Non-Conformity outcome (leading to license cancellation), 52% in a Compliant with Incidental outcome and 35% in a Compliant outcome (Figure 6).
- Removing the United States assessment outcomes from the analysis results in higher percentages of systemic (18%) and compliant with incidental (74%) assessments, and a lower percentage (8%) of compliant assessments, as there are a high number of assessments conducted in the USA and the outcome is compliant for the vast majority (Figure 7).
- When inspecting the assessment outcomes per assessment type, none of the SVAs result in full compliance, while a proportion of LAs do result in full compliance. When comparing

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3PVs with BCI assessments, the proportion of assessments resulting in Compliant with incidental or Systemic is higher for BCI assessments than for 3PV assessments (Figure 8).

- As observed in Figure 9, there is a high level of compliance with the Better Cotton Standard in the US, while a high number of systemic NC is observed in South Africa and Kazakhstan. The remainder of the countries present mixed outcomes.
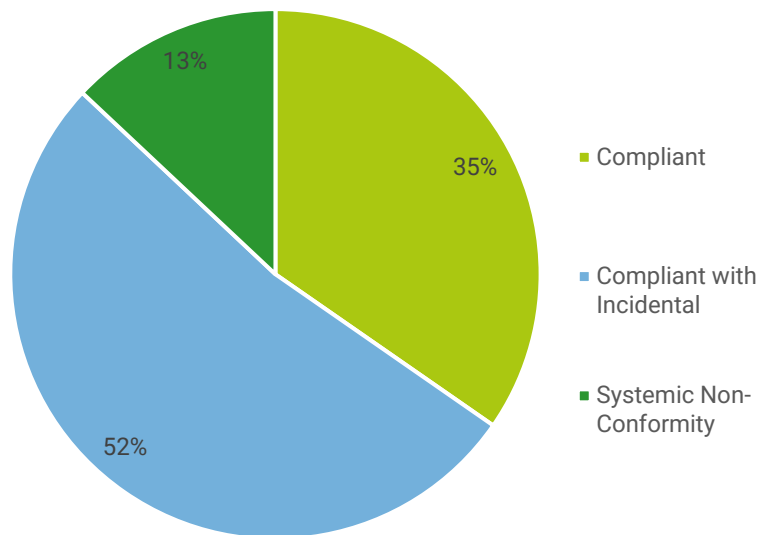


*Figure 6:* *Proportion of assessment outcomes for the 2022-23 season, including the US.*
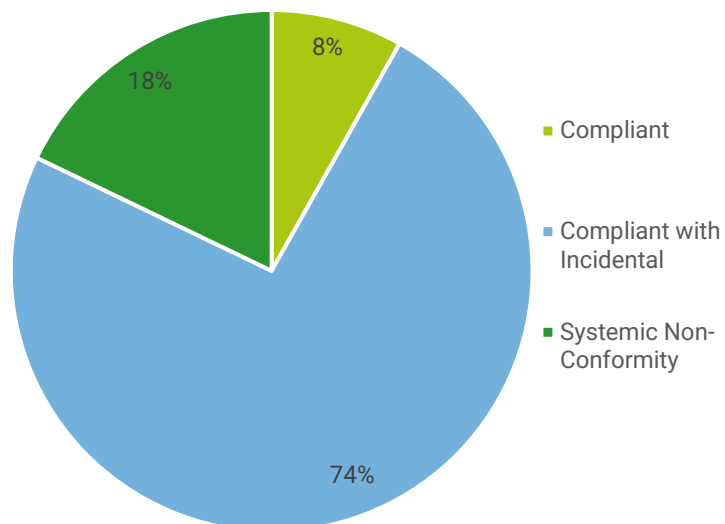


*Figure 7:* *Proportion of assessment outcomes for the 2022-23 season, excluding the US.*
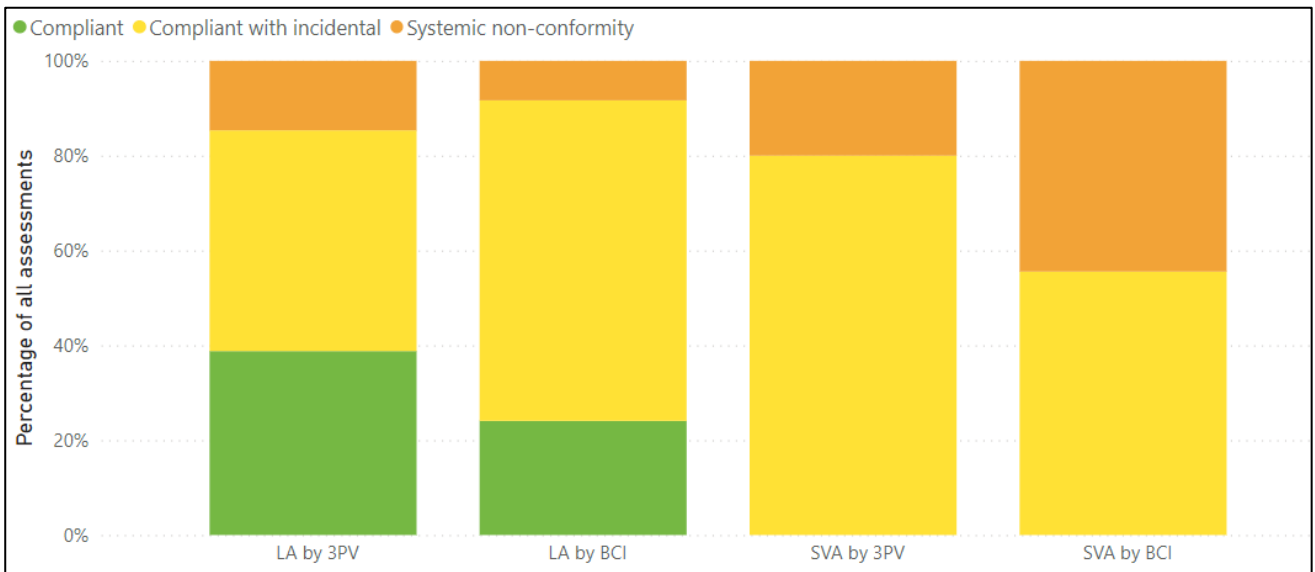
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**Figure 8:** Assessment outcome by assessment type for the 2022-23 season (excl. PP assessments)
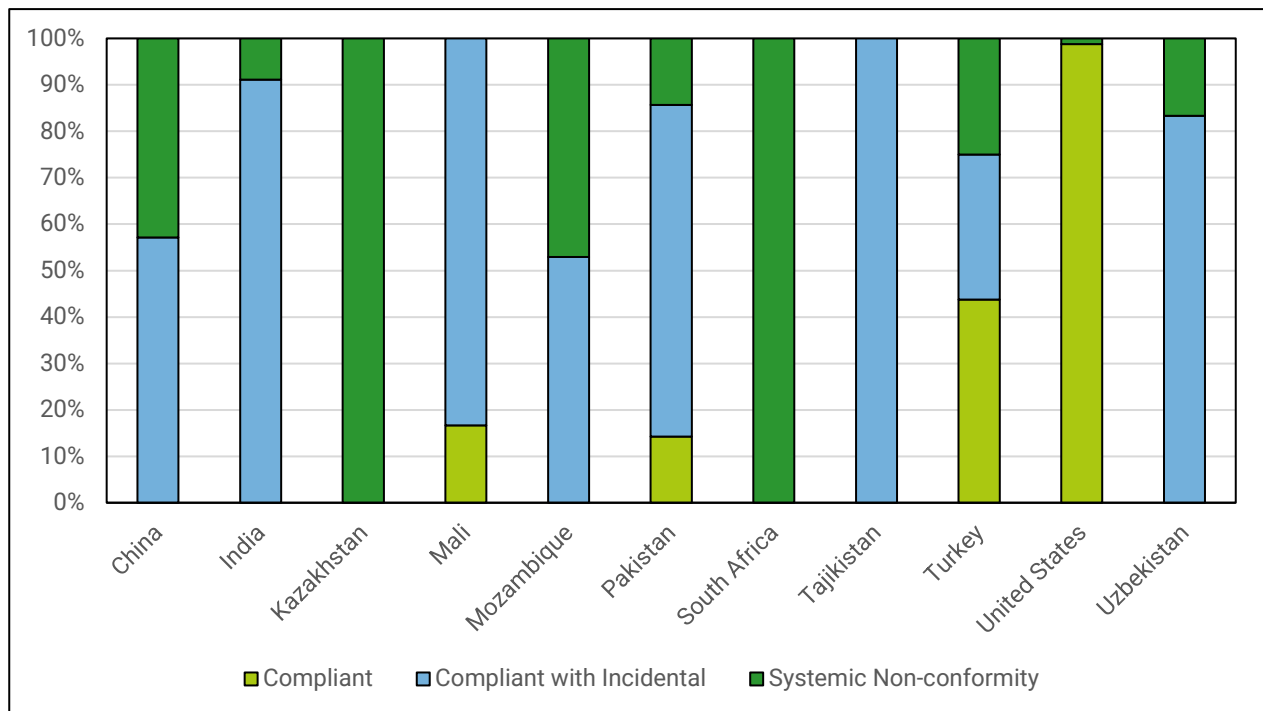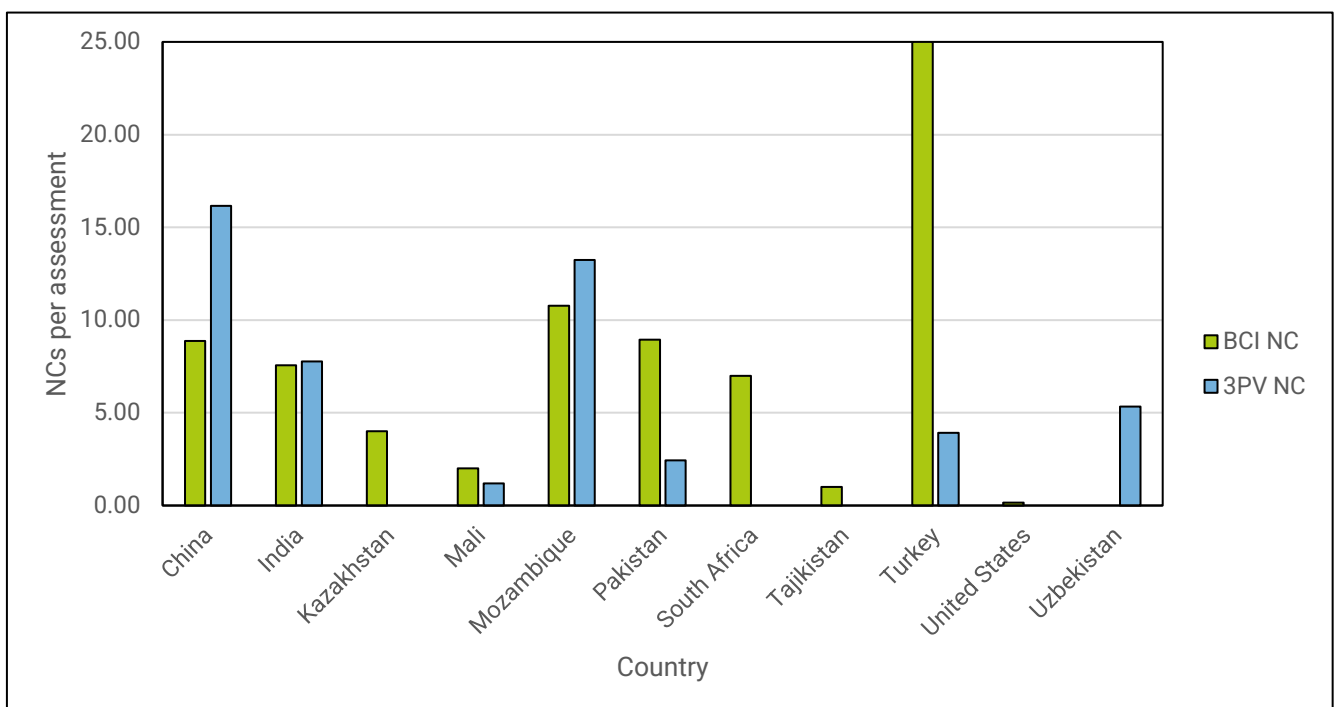


**Figure 9:** *Assessment outcomes per country in 2022-23*

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# Average number of NCs per Assessment

As part of assessing Producer performance, we are also analysing the average number of indicators that were graded as incidental (INC) or systemic (SNC) per assessment, where the total number of core indicators per assessment is 44 for PUs of SHs, 54 for PUs of MFs and 56 for LFs under the P&C v2.

- Looking at number of NC per type of assessment (BCI and 3PV) we can observe that the number of NC per assessment is higher in BCI assessments in the case of Mali, Pakistan, Turkey and USA (although in the USA the number of non-conformities is really small) and it is lower in the case of China, India and Mozambique (Figure 10).
- When looking at 3 year trends[5] in the number of NCs per assessment we can observe year-on-year increases in 4 countries: China, Mozambique, Pakistan and South Africa (Figure 11).
- We can also observe decreases in the number of NC per assessments from the 2021-22 season to the 2022-23 season in India and Turkey (Figure 11).
- Turkey had a spike in NCs in 2021-22 Better Cotton and 3PV assessments due to 3 outlier assessments having a high number of NCs. It also had a high number of NCs in the 2022-23 season in the Better Cotton assessments but a significantly lower number of NC in the 3PV assessments (Figure 10 and Figure 11).
- 2022-23 was the first season in the past 3 seasons in which the United States received any NCs during assessments.



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[5] 2020-21, 2021-22, 2022-23 seasons respectively.

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**Figure 10:** *Average number of NCs in BCI and 3PV assessments in 2022-23 per country[6]*
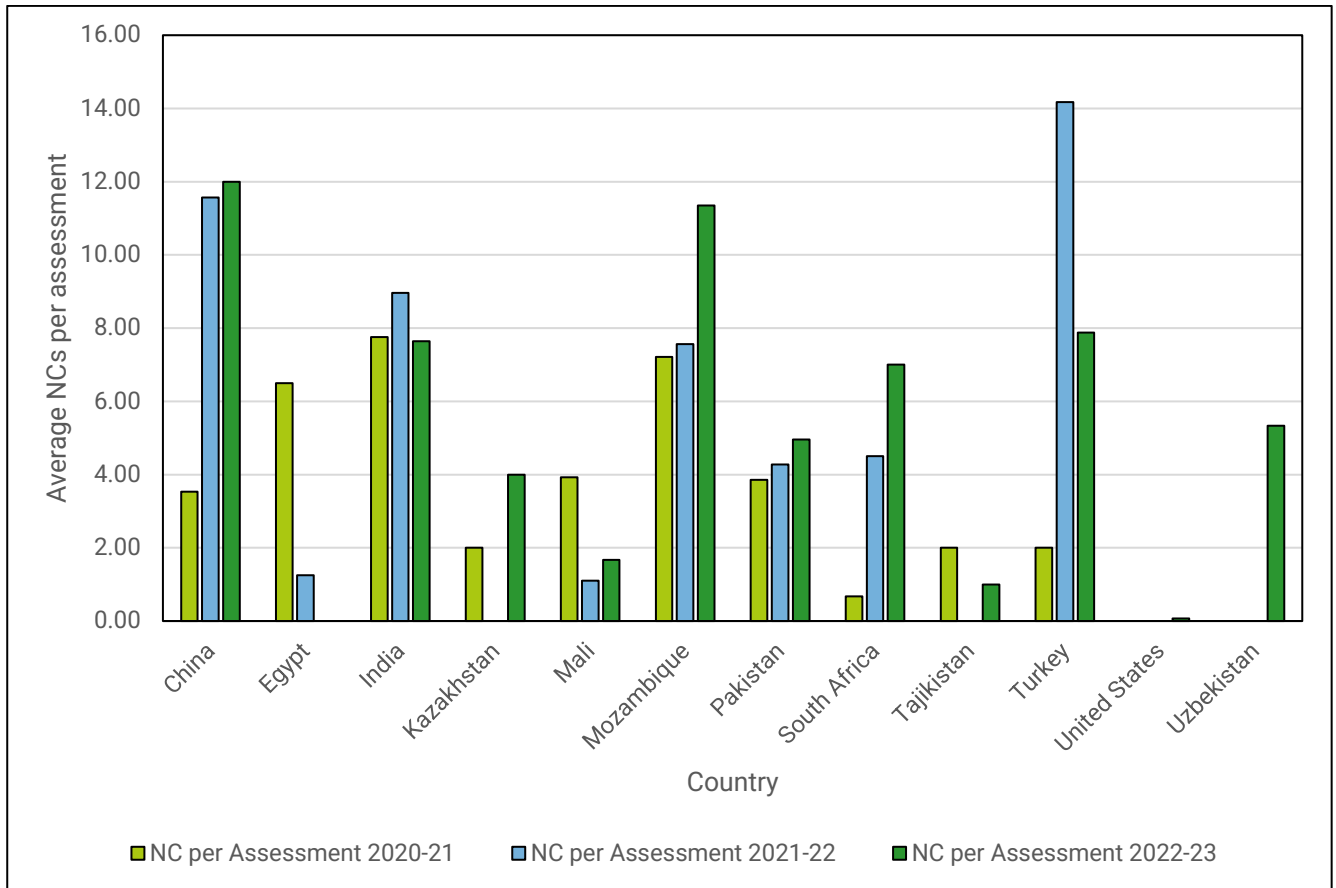


**Figure 11:** *Average number of NCs per assessment in in 2020-21, 2021-22 and 2022-23 per country[7]*

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[6] INCs and SNCs have been combined into one graph as SNC numbers are too low to necessitate a separate graph.

[7] 2022-23 was the first season that assessments were conducted in Uzbekistan. Kazakhstan and Tajikistan had no assessments during the 2021-22 season.

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# Top NCs

We consider top NCs the 6 indicators that are graded as INC or SNC with the highest frequency across all countries (excluding the USA).

- The top 6 NCs belong to Principle 7 – Management System (3 indicators), Principle 1 – Crop Protection (2 indicators), and Principle 6 – Decent Work (1 indicator) (Table 2).
- All 6 indicators have seen year on year growth since 2020-21 and have very often been among the top NC for the last three seasons (Figure 12).
- 1.7.2 Had the largest growth between 2021-22 and 2022-23 of 12%. However, 6.1.4 has had the largest growth since 2020-21 of 36%, although 1.7.2 remains the top NC (Figure 12).

| Principle | Indicator | Description | 2022-23 |
|:---:|:---:|:---:|:---:|
| 1 | 1.2.1 | Nationally registered pesticides | 29% |
| 1 | 1.7.2 | Minimum Personal protective Equipment (PPE) | 50% |
| 6 | 6.1.4 | Child labour policy | 40% |
| 7 | 7.3.2 | Farm-level record keeping | 39% |
| 7 | 7.2.4 | System for practice adoption, risks identification and training materials assessments | 34% |
| 7 | 7.4.1 | Monitoring risk of Non-Compliance and implementation of CAPs[8] | 29% |

***Table 2:*** Top 6 indicators with the most frequently occurring NC in 2022-23

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[8] Both indicator 7.1.1 and 7.4.1 had an overall NC percentage of 29%, however 7.4.1 was selected as it had a higher number of SNCs.
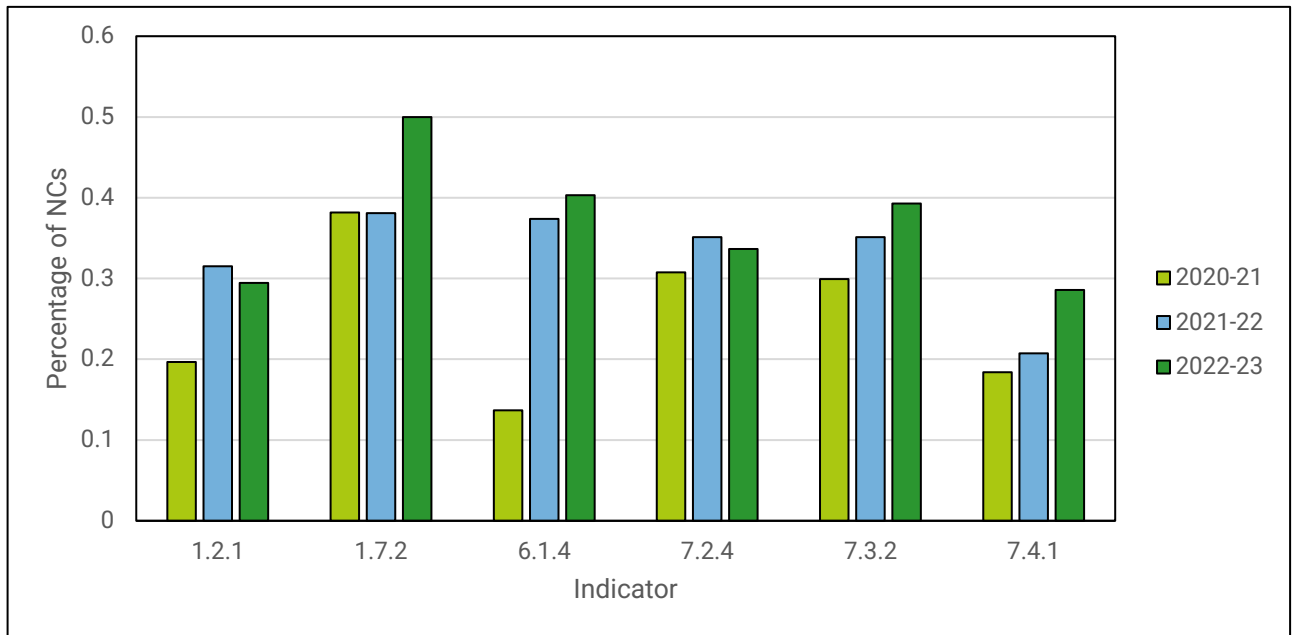
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***Figure 12:*** 3-year trends for 2022-23 top 6 NCs indicators